StoneX

StoneX Group Inc. Reports Fiscal 2022 First Quarter Financial Results

February 7, 2022

Quarterly Operating Revenues of $450.5 million, up 19%

Quarterly Net Income of $41.7 million, ROE of 18.0%

Quarterly Diluted EPS of $2.04 per share, up 108%

NEW YORK, Feb. 07, 2022 (GLOBE NEWSWIRE) -- StoneX Group Inc. (the "Company"; NASDAQ: SNEX), a diversified global brokerage and financial services firm providing execution, risk management and advisory services, market intelligence and clearing services across multiple asset classes and markets around the world, today announced its financial results for the fiscal year 2022 first quarter ended December 31, 2021.

Sean M. O'Connor, CEO of StoneX Group Inc., stated, "We delivered strong results in our fiscal first quarter with a diluted EPS of $2.04, an ROE of 18.0% on book value and 20% on tangible book value. We continued to experience higher volumes across the board from increased client engagement and market share gains. Increased market volatility and the prospect of rising interest rates provide additional catalysts for continued growth."

StoneX Group Inc. Summary Financials

Consolidated financial statements for the Company will be included in our Quarterly Report on Form 10-Q to be filed with the Securities and Exchange Commission ("SEC"). The Quarterly Report on Form 10-Q will also be made available on the Company's website at www.stonex.com.

	Three Months Ended December 31,		
(Unaudited) (in millions, except share and per share amounts)	**2021**	**2020**	**% Change**
Revenues:			
Sales of physical commodities	$ 13,918.9	$ 8,883.5	57%
Principal gains, net	251.1	203.4	23%
Commission and clearing fees	116.3	119.4	(3)%
Consulting, management, and account fees	24.1	23.0	5%
Interest income	31.0	21.2	46%
Total revenues	14,341.4	9,250.5	55%
Cost of sales of physical commodities	13,890.9	8,870.4	57%
Operating revenues	450.5	380.1	19%
Transaction-based clearing expenses	70.9	65.4	8%
Introducing broker commissions	38.3	38.2	—%
Interest expense	15.7	9.9	59%
Interest expense on corporate funding	11.8	10.5	12%
Net operating revenues	313.8	256.1	23%
Compensation and other expenses:			
Variable compensation and benefits	100.4	84.3	19%
Fixed compensation and benefits	74.6	69.3	8%
Trading systems and market information	16.1	13.7	18%
Professional fees	11.9	9.3	28%
Non-trading technology and support	13.0	10.9	19%
Occupancy and equipment rental	8.7	8.6	1%
Selling and marketing	11.0	8.8	25%
Travel and business development	2.9	1.0	190%
Communications	1.9	2.3	(17)%
Depreciation and amortization	9.1	8.4	8%
Bad debt (recoveries) expense, net	(0.2)	1.5	(113)%
Other	11.9	11.1	7%
Total compensation and other expenses	261.3	229.2	14%
Income before tax	52.5	26.9	95%
Income tax expense	10.8	7.4	46%
Net income	$ 41.7	$ 19.5	114%
Earnings per share:			
Basic	$ 2.09	$ 1.00	109%
Diluted	$ 2.04	$ 0.98	108%
Weighted-average number of common shares outstanding:			
Basic	19,383,303	18,940,876	2%
Diluted	19,858,712	19,470,853	2%

n/m = not meaningful to present as a percentage

The following table presents our consolidated operating revenues by segment for the periods indicated.

(in millions)	Three Months Ended December 31, 2021	2020	% Change
Segment operating revenues represented by:			
Commercial	$ 152.6	$ 105.6	45%
Institutional	161.3	165.5	(3)%
Retail	96.4	81.7	18%
Global Payments	42.4	34.4	23%
Corporate Unallocated	2.1	(3.5)	(160)%
Eliminations	(4.3)	(3.6)	19%
Operating revenues	$ 450.5	$ 380.1	19%

The following table presents our consolidated income by segment for the periods indicated.

(in millions)	Three Months Ended December 31, 2021	2020	% Change
Segment income represented by:			
Commercial	$ 65.5	$ 32.1	104%
Institutional	31.9	44.8	(29)%
Retail	23.4	17.9	31%
Global Payments	24.5	20.4	20%
Total segment income	$ 145.3	$ 115.2	26%
Reconciliation of segment income to income before tax:			
Segment income	$ 145.3	$ 115.2	26%
Net costs not allocated to operating segments	(92.8)	(88.3)	5%
Income before tax	$ 52.5	$ 26.9	95%

Key Operating Metrics

The tables below display operating revenues disaggregated across the key products we provide to our clients and select operating data and metrics used by management in evaluating our performance, for the periods indicated.

All $ amounts are U.S. dollar or U.S. dollar equivalents	Three Months Ended December 31, 2021	2020	% Change
Operating Revenues (in millions):			
Listed derivatives	$ 100.6	$ 95.0	6%
OTC derivatives	46.7	24.2	93%
Securities	122.7	126.6	(3)%
FX / Contract For Difference (“CFD”) contracts	72.2	59.8	21%
Global payments	41.3	33.6	23%
Physical contracts	40.9	23.8	72%
Interest / fees earned on client balances	8.3	5.3	57%
Other	20.0	18.9	6%
Corporate Unallocated	2.1	(3.5)	(160)%
Eliminations	(4.3)	(3.6)	19%
	$ 450.5	$ 380.1	19%
Volumes and Other Select Data (all $ amounts are U.S. dollar or U.S. dollar equivalents):			
Listed derivatives (contracts, 000’s)	36,713	37,222	(1)%
Listed derivatives, average rate per contract [1]	$ 2.62	$ 2.45	7%
Average client equity - listed derivatives (millions)	$ 4,675	$ 3,426	36%
Over-the-counter (“OTC”) derivatives (contracts, 000’s)	763	495	54%
OTC derivatives, average rate per contract	$ 61.11	$ 48.06	27%
Securities average daily volume (“ADV”) (millions)	$ 2,711	$ 2,175	25%
Securities rate per million (“RPM”) [2]	$ 550	$ 739	(26)%
Average money market / FDIC sweep client balances (millions)	$ 1,574	$ 1,325	19%
FX / CFD contracts ADV (millions)	$ 12,793	$ 10,695	20%
FX / CFD contracts RPM	$ 86	$ 90	(4)%
Global Payments ADV (millions)	$ 61	$ 53	15%
Global Payments RPM	$ 10,637	$ 9,950	7%

[1] Give-up fees as well as cash and voice brokerage revenues are excluded from the calculation of listed derivatives, average rate per contract.

[2] Interest income related to securities lending is excluded from the calculation of Securities RPM.

Operating Revenues

Operating revenues increased $70.4 million, or 19%, to $450.5 million in the three months ended December 31, 2021 compared to $380.1 million in the three months ended December 31, 2020.

Operating revenues derived from listed derivatives increased $5.6 million, or 6%, to $100.6 million in the three months ended December 31, 2021 compared to $95.0 in the three months ended December 31, 2020. This growth was primarily driven by a 7% increase in the average rate per contract, principally due to an improved performance in our Commercial segment, which was partially offset by an overall 1% decline in listed derivative contract volumes.

Operating revenues derived from OTC transactions increased $22.5 million, or 93%, to $46.7 million in the three months ended December 31, 2021 compared to $24.2 million in the three months ended December 31, 2020. This was the result of strong growth in OTC contract volumes and the average rate per contract of 54% and 27%, respectively in the three months ended December 31, 2021. This growth was principally driven by increased volatility in energy and renewable fuels markets.

Operating revenue derived from securities transactions declined $3.9 million, or 3%, to $122.7 million in the three months ended December 31, 2021 compared to $126.6 million in the three months ended December 31, 2020. This decline was principally due to a 26% decline in RPM as the prior year period benefited from wider spreads due to volatility driven by the ongoing COVID-19 pandemic and was partially offset by a 25% increase in ADV.

Operating revenues derived from FX/CFD contracts increased $12.4 million, or 21% to $72.2 million in the three months ended December 31, 2021 compared to $59.8 million in the three months ended December 31, 2020, principally as a result of a $12.1 million increase in operating revenues derived from retail FX/CFD in our Retail segment.

Operating revenues from global payments increased $7.7 million, or 23%, to a record $41.3 million in the three months ended December 31, 2021 compared to $33.6 million in the three months ended December 31, 2020, principally driven by a 15% increase in ADV and a 7% increase in global payments RPM.

Operating revenues derived from physical contracts increased $17.1 million, or 72%, to $40.9 million in the three months ended December 31, 2021 compared to $23.8 million in the three months ended December 31, 2020. This increase was principally due to a $14.1 million increase in in physical agricultural and energy related commodity revenues, most notably in renewable fuels markets.

Interest and fee income earned on client balances, which is associated with our listed and OTC derivatives, correspondent clearing and independent wealth management product offerings, increased $3.0 million, or 57%, to $8.3 million in the three months ended December 31, 2021 compared to $5.3 million in the three months ended December 31, 2020. This was principally driven by an increase in average client equity and average FDIC sweep client balances of 36% and 19%, respectively.

Operating revenues for the three months ended December 31, 2020 included a $3.7 million unrealized loss on derivative positions used to mitigate our exposure to the British Pound in the acquired Gain subsidiaries in advance of the March 1, 2021 transfer of the majority of the operations of Gain's U.K. domiciled subsidiaries into StoneX Financial Ltd., a U.S. dollar denominated entity. In addition, as the Gain U.K. subsidiaries had a functional currency of British Pound, the increased U.S. dollar exposure resulted in a $2.7 million foreign currency loss on revaluation for the three months ended December 31, 2020. Each of these items were reflected in operating revenues in the Corporate Unallocated segment.

Impact of the Gain on Acquisitions

The Company acquired Gain Capital Holdings, Inc., effective August 1, 2020. When evaluating the acquisition of Gain, management also considers the amortization expense related to the intangible assets identified and recorded as part of the acquisition and the net loss on the internal merger of the operations of Gain's U.K. subsidiaries.

The following table presents income before tax, income tax expense, and net income as reported in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The following table also presents adjusted income before tax, adjusted income tax expense, and adjusted net income, which are non-GAAP financial measures. The "adjusted" non-GAAP financial measures reflect each item after removing the impact of the related transaction costs and other expenses for the three months ended December 31, 2021 and 2020, respectively. Management believes that presenting our results excluding the transaction costs and other expenses is meaningful, as it increases the comparability of period-to-period results.

	Three Months Ended December 31,	
(in millions)	**2021**	**2020**
As reported, GAAP:		
Income before tax	$ 52.5	$ 26.9
Income tax expense	10.8	7.4
Net income	$ 41.7	$ 19.5
Return on equity	18.0%	10.0%
Adjusted (non-GAAP)[(a)]:		
Adjusted income before tax	$ 55.2	$ 36.0
Adjusted income tax expense	11.5	9.9
Adjusted net income	$ 43.7	$ 26.1
Adjusted return on equity	18.8%	13.3%

(a) Adjusted income before tax, adjusted income tax expense, adjusted net income, and adjusted return on equity are non-GAAP financial measures. A reconciliation between the GAAP and non-GAAP amounts listed above is provided in Appendix A.

Variable vs. Fixed Expenses

The table below sets forth our variable expenses and non-variable expenses as a percentage of total non-interest expenses for the periods indicated.

	Three Months Ended December 31,

(in millions)	2021	% of Total	2020	% of Total
Variable compensation and benefits	$ 100.4	27%	$ 84.3	25%
Transaction-based clearing expenses	70.9	20%	65.4	21%
Introducing broker commissions	38.3	10%	38.2	11%
Total variable expenses	209.6	57%	187.9	57%
Fixed compensation and benefits	74.6	20%	69.3	21%
Other fixed expenses	86.5	23%	74.1	22%
Bad debt (recoveries) expense, net	(0.2)	—%	1.5	—%
Total non-variable expenses	160.9	43%	144.9	43%
Total non-interest expenses	$ 370.5	100%	$ 332.8	100%

Our variable expenses include variable compensation paid to traders and risk management consultants, bonuses paid to operational, administrative and executive employees, transaction-based clearing expenses and introducing broker commissions. We seek to make non-interest expenses variable to the greatest extent possible, and to keep our fixed costs as low as possible.

Segment Results

Our business activities are managed as operating segments and organized into reportable segments consisting of Commercial, Institutional, Retail and Global Payments.

The tables below present the financial performance, a disaggregation of operating revenues, and select operating data and metrics used by management in evaluating the performance of our segments, for the periods indicated. Additional information on the performance of our segments will be included in our Quarterly Report on Form 10-Q to be filed with the SEC.

Commercial

	Three Months Ended December 31,		
(in millions)	2021	2020	% Change
Revenues:			
Sales of physical commodities	$ 13,696.4	$ 8,770.4	56%
Principal gains, net	76.1	44.0	73%
Commission and clearing fees	38.8	42.7	(9)%
Consulting, management and account fees	5.4	4.6	17%
Interest income	6.9	3.8	82%
Total revenues	13,823.6	8,865.5	56%
Cost of sales of physical commodities	13,671.0	8,759.9	56%
Operating revenues	152.6	105.6	45%
Transaction-based clearing expenses	13.0	13.1	(1)%
Introducing broker commissions	6.3	7.1	(11)%
Interest expense	3.6	2.8	29%
Net operating revenues	129.7	82.6	57%
Variable direct compensation and benefits	39.0	25.8	51%
Net contribution	90.7	56.8	60%
Fixed compensation and benefits	11.6	12.3	(6)%
Other fixed expenses	14.2	11.9	19%
Bad debt (recoveries) expense, net	(0.6)	0.5	(220)%
Non-variable direct expenses	25.2	24.7	2%
Segment income	$ 65.5	$ 32.1	104%

	Three Months Ended December 31,		
(in millions)	2021	2020	% Change
Operating revenues (in millions):			
Listed derivatives	$ 57.7	$ 51.7	12%
OTC derivatives	46.7	24.1	94%
Physical contracts	37.4	22.1	69%
Interest / fees earned on client balances	5.4	2.5	116%
Other	5.4	5.2	4%
	$ 152.6	$ 105.6	45%
Select data (all $ amounts are U.S. dollar or U.S. dollar equivalents):			
Listed derivatives (contracts, 000's)	7,499	7,870	(5)%
Listed derivatives, average rate per contract [1]	$ 7.30	$ 6.23	17%
Average client equity - listed derivatives (millions)	$ 1,715	$ 1,263	36%
Over-the-counter ("OTC") derivatives (contracts, 000's)	763	495	54%
OTC derivatives, average rate per contract	$ 61.11	$ 48.06	27%

(1) Give-up fees as well as cash and voice brokerage revenues are excluded from the calculation of listed derivatives, average rate per contract.

Institutional

(in millions)	Three Months Ended December 31, 2021	2020	% Change
Revenues:			
Sales of physical commodities	$ —	$ —	—%
Principal gains, net	67.4	79.1	(15)%
Commission and clearing fees	62.3	61.9	1%
Consulting, management and account fees	4.8	5.1	(6)%
Interest income	26.8	19.4	38%
Total revenues	161.3	165.5	(3)%
Cost of sales of physical commodities	—	—	—%
Operating revenues	161.3	165.5	(3)%
Transaction-based clearing expenses	49.5	44.6	11%
Introducing broker commissions	7.1	8.0	(11)%
Interest expense	11.8	7.6	55%
Net operating revenues	92.9	105.3	(12)%
Variable direct compensation and benefits	35.5	38.2	(7)%
Net contribution	57.4	67.1	(14)%
Fixed compensation and benefits	11.0	11.5	(4)%
Other fixed expenses	14.4	10.8	33%
Bad debts, net of recoveries	0.1	—	n/m
Non-variable direct expenses	25.5	22.3	14%
Segment income	$ 31.9	$ 44.8	(29)%

(in millions)	Three Months Ended December 31, 2021	2020	% Change
Operating revenues (in millions):			
Listed derivatives	$ 42.9	$ 43.3	(1)%
OTC derivatives	—	0.1	(100)%
Securities	97.5	104.4	(7)%
FX contracts	5.3	5.0	6%
Interest / fees earned on client balances	2.6	2.5	4%
Other	13.0	10.2	27%
	$ 161.3	$ 165.5	(3)%
Select data (all $ amounts are U.S. dollar or U.S. dollar equivalents):			
Listed derivatives (contracts, 000's)	29,214	29,352	—%
Listed derivatives, average rate per contract (1)	$ 1.42	$ 1.44	(1)%
Average client equity - listed derivatives (millions)	$ 2,960	$ 2,162	37%
Securities ADV (millions)	$ 2,711	$ 2,175	25%
Securities RPM (2)	$ 550	$ 739	(26)%
Average money market / FDIC sweep client balances (millions)	$ 1,574	$ 1,325	19%
FX contracts ADV (millions)	$ 3,934	$ 1,663	137%
FX contracts RPM	$ 20	$ 46	(57)%

(1) Give-up fee revenues are excluded from the calculation of listed derivatives, average rate per contract.

(2) Interest income related to securities lending is excluded from the calculation of Securities RPM.

Retail

(in millions)	Three Months Ended December 31, 2021	2020	% Change
Revenues:			
Sales of physical commodities	$ 222.5	$ 113.1	97%
Principal gains, net	67.2	52.2	29%
Commission and clearing fees	13.8	14.1	(2)%
Consulting, management and account fees	12.4	12.3	1%

Interest income	0.4	0.5	(20)%
Total revenues	316.3	192.2	65%
Cost of sales of physical commodities	219.9	110.5	99%
Operating revenues	96.4	81.7	18%
Transaction-based clearing expenses	6.0	6.2	(3)%
Introducing broker commissions	25.0	23.0	9%
Interest expense	0.6	0.4	50%
Net operating revenues	64.8	52.1	24%
Variable direct compensation and benefits	4.8	3.5	37%
Net contribution	60.0	48.6	23%
Fixed compensation and benefits	12.9	10.2	26%
Other fixed expenses	23.4	19.5	20%
Bad debts	0.3	1.0	(70)%
Non-variable direct expenses	36.6	30.7	19%
Segment income	$ 23.4	$ 17.9	31%

	Three Months Ended December 31,		
(in millions)	**2021**	**2020**	**% Change**
Operating revenues (in millions):			
Securities	$ 25.2	$ 22.2	14%
FX / CFD contracts	66.9	54.8	22%
Physical contracts	3.5	1.7	106%
Interest / fees earned on client balances	0.3	0.3	—%
Other	0.5	2.7	(81)%
	$ 96.4	$ 81.7	18%
Select data (all $ amounts are U.S. dollar or U.S. dollar equivalents):			
FX / CFD contracts ADV (millions)	$ 8,860	$ 9,032	(2)%
FX / CFD contracts RPM	$ 115	$ 98	17%

Global Payments

	Three Months Ended December 31,		
(in millions)	**2021**	**2020**	**% Change**
Revenues:			
Sales of physical commodities	$ —	$ —	—%
Principal gains, net	40.2	32.5	24%
Commission and clearing fees	1.6	1.2	33%
Consulting, management, account fees	0.6	0.7	(14)%
Interest income	—	—	—%
Total revenues	42.4	34.4	23%
Cost of sales of physical commodities	—	—	—%
Operating revenues	42.4	34.4	23%
Transaction-based clearing expenses	1.9	1.6	19%
Introducing broker commissions	0.1	0.1	—%
Interest expense	0.1	—	n/m
Net operating revenues	40.3	32.7	23%
Variable compensation and benefits	8.4	6.6	27%
Net contribution	31.9	26.1	22%
Fixed compensation and benefits	4.0	3.2	25%
Other fixed expenses	3.4	2.5	36%
Bad debts	—	—	n/m
Total non-variable direct expenses	7.4	5.7	30%
Segment income	$ 24.5	$ 20.4	20%

	Three Months Ended December 31,		
(in millions)	**2021**	**2020**	**% Change**
Operating revenues (in millions):			
Payments	$ 41.3	$ 33.6	23%
Other	1.1	0.8	38%
	$ 42.4	$ 34.4	23%

Select data (all $ amounts are U.S. dollar or U.S. dollar equivalents):			
Global Payments ADV (millions)	$ 61	$ 53	15%
Global Payments RPM	$ 10,637	$ 9,950	7%

Unallocated Costs and Expenses

The following table provides information regarding our unallocated costs and expenses. These unallocated costs and expenses include certain shared services such as information technology, accounting and treasury, credit and risk, legal and compliance, and human resources and other activities, which are not included in the results of the operating segments discussed above.

	Three Months Ended December 31,		
(in millions)	**2021**	**2020**	**% Change**
Compensation and benefits:			
Variable compensation and benefits	$ 11.4	$ 9.0	27%
Fixed compensation and benefits	30.0	27.4	9%
	41.4	36.4	14%
Other expenses:			
Occupancy and equipment rental	8.6	8.4	2%
Non-trading technology and support	9.6	8.2	17%
Professional fees	5.5	5.7	(4)%
Depreciation and amortization	5.0	4.3	16%
Communications	1.4	1.7	(18)%
Selling and marketing	0.7	0.4	75%
Trading systems and market information	1.2	0.7	71%
Travel and business development	0.6	0.6	—%
Other	4.9	5.3	(8)%
	37.5	35.3	6%
Total compensation and other expenses	$ 78.9	$ 71.7	10%

Total unallocated costs and other expenses increased $7.2 million to $78.9 million in the three months ended December 31, 2021 compared to $71.7 million in the three months ended December 31, 2020. Compensation and benefits increased $5.0 million, or 14%, to $41.4 million in the three months ended December 31, 2021 compared to $36.4 million in the three months ended December 31, 2020, principally due to the increase in headcount.

Average administrative headcount increased 10% in the three months ended December 31, 2021 compared to the three months ended December 31, 2020, principally within IT, compliance and human resources. Other non-compensation expenses increased $2.2 million, or 6%, to $37.5 million in the three months ended December 31, 2021 compared to $35.3 million in the three months ended December 31, 2020, principally due to the increase in non-trading technology and support.

Balance Sheet Summary

The following table below provides a summary of asset, liability and stockholders' equity information for the periods indicated.

(Unaudited) (in millions, except for share and per share amounts)	**December 31, 2021**	**September 30, 2021**
Summary asset information:		
Cash and cash equivalents	$ 983.4	$ 1,109.6
Cash, securities and other assets segregated under federal and other regulations	$ 2,111.7	$ 2,274.4
Securities purchased under agreements to resell	$ 2,363.6	$ 2,239.9
Securities borrowed	$ 2,748.2	$ 2,163.1
Deposits with and receivables from broker-dealers, clearing organizations and counterparties, net	$ 5,776.4	$ 5,292.9
Receivables from clients, net and notes receivable, net	$ 534.8	$ 467.2
Financial instruments owned, at fair value	$ 3,700.6	$ 4,354.6
Physical commodities inventory, net	$ 523.9	$ 447.5
Property and equipment, net	$ 95.1	$ 93.3
Operating right of use assets	$ 121.8	$ 125.3
Goodwill and intangible assets, net	$ 97.2	$ 100.8
Other	$ 172.3	$ 171.0
Summary liability and stockholders' equity information:		
Accounts payable and other accrued liabilities	$ 287.8	$ 305.1
Operating lease liabilities	$ 144.0	$ 146.6
Payables to clients	$ 8,037.6	$ 7,835.9
Payables to broker-dealers, clearing organizations and counterparties	$ 353.4	$ 613.5
Payables to lenders under loans	$ 489.5	$ 248.6
Senior secured borrowings, net	$ 505.2	$ 507.0
Income taxes payable	$ 19.1	$ 13.2
Securities sold under agreements to repurchase	$ 4,091.7	$ 4,340.9
Securities loaned	$ 2,747.1	$ 2,153.6
Financial instruments sold, not yet purchased, at fair value	$ 1,600.6	$ 1,771.2

Stockholders' equity	$ 953.0	$ 904.0
Common stock outstanding - shares	20,089,221	19,823,910
Net asset value per share	$ 47.44	$ 45.60

The Company calculates ROE based on net income divided by average stockholders' equity. For the calculation of ROE on tangible book value, the amount of goodwill and intangibles, net is excluded from stockholders' equity.

Conference Call & Web Cast

A conference call to discuss the Company's financial results will be held tomorrow, Tuesday, February 8, 2022 at 9:00 a.m. Eastern time. The call may also include discussion of Company developments, and forward-looking and other material information about business and financial matters. A live webcast of the conference call as well as additional information to review during the call will be made available in PDF form on-line on the Company's corporate web site at https://www.stonex.com. Participants can also access the call by dialing 1-844-466-4112 (within the United States and Canada), or 1-408-337-0136 (international callers) approximately ten minutes prior to the start time.

A replay of the call will be available at https://www.stonex.com approximately two hours after the call has ended and will be available through February 15, 2022. To access the replay, dial 1-855-859-2056 (within the United States and Canada), or 1-404-537-3406 (international callers) and enter the replay passcode 1376494.

About StoneX Group Inc.

StoneX Group Inc., through its subsidiaries, operates a global financial services network that connects companies, organizations, traders and investors to the global market ecosystem through a unique blend of digital platforms, end-to-end clearing and execution services, high touch service and deep expertise. The Company strives to be the one trusted partner to its clients, providing its network, product and services to allow them to pursue trading opportunities, manage their market risks, make investments and improve their business performance. A Fortune-500 company headquartered in New York City and listed on the Nasdaq Global Select Market (NASDAQ:SNEX), StoneX Group Inc. and its over 3,300 employees serve more than 45,000 commercial and institutional clients, and more than 370,000 active retail accounts, from more than 40 offices spread across five continents. Further information on the Company is available at www.stonex.com.

Forward Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, such as those pertaining to the uncertain financial impact of COVID-19 and the Company's financial condition, results of operations, business strategy and financial needs. All statements other than statements of current or historical fact contained in this press release are forward-looking statements. The words "believe," "expect," "anticipate," "should," "plan," "will," "may," "could," "intend," "estimate," "predict," "potential," "continue" or the negative of these terms and similar expressions, as they relate to StoneX Group Inc., are intended to identify forward-looking statements.

These forward-looking statements are largely based on current expectations and projections about future events and financial trends that may affect the financial condition, results of operations, business strategy and financial needs of the Company. They can be affected by inaccurate assumptions, including the risks, uncertainties and assumptions described in the filings made by StoneX Group Inc. with the Securities and Exchange Commission, including those risks set forth under the heading "Risk Factors" in the Company's most recent Annual Report on Form 10-K and, to the extent applicable, subsequent Quarterly Reports on Form 10-Q. In light of these risks, uncertainties and assumptions, the forward-looking statements in this press release may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. When you consider these forward-looking statements, you should keep in mind these risk factors and other cautionary statements in this press release.

These forward-looking statements speak only as of the date of this press release. StoneX Group Inc. undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

StoneX Group Inc.

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Appendix A

The "adjusted" non-GAAP amounts reflect each item after removing the impact of the related transaction costs and other expenses for the three months ended December 31, 2021 and 2020, respectively. Management believes that presenting our results excluding the related transaction costs and other expenses is meaningful, as it increases the comparability of period-to-period results.

	Three Months Ended December 31,	
(in millions)	**2021**	**2020**
Reconciliation of income before tax to adjusted non-GAAP amounts:		
Income before tax, as reported (GAAP)	$ 52.5	$ 26.9
Acquisition related transaction costs and other expenses:		
Amortization of intangible assets acquired	2.7	2.7
FX loss, net on internal merger [1]	—	6.4
Total acquisition related transaction costs and other expenses	2.7	9.1

Adjusted income before tax, (non-GAAP)	$ 55.2	$ 36.0
Reconciliation of income tax expense to adjusted non-GAAP amounts:		
Income tax expense, as reported (GAAP)	$ 10.8	$ 7.4
Tax effect of the acquisition related transaction costs and other expenses	0.7	2.5
Adjusted income tax expense, (non-GAAP)	$ 11.5	$ 9.9
Reconciliation of net income to adjusted non-GAAP amounts:		
Net income, as reported (GAAP)	$ 41.7	$ 19.5
Acquisition related transaction costs and other expenses, net of tax	2.0	6.6
Adjusted net income (non-GAAP)	$ 43.7	$ 26.1

	Quarter Ended December 31,	
(in millions)	**2021**	**2020**
Calculation of average stockholders' equity:		
Total stockholders' equity - beginning of period, as reported (GAAP)	$ 904.0	$ 767.5
Total stockholders' equity - end of period, as reported (GAAP)	953.0	799.5
Average stockholders' equity	$ 928.5	$ 783.5
Calculation of return on equity:		
Net income, as reported (GAAP)	$ 41.7	$ 19.5
Average stockholders' equity	$ 928.5	$ 783.5
Return on equity	18.0%	10.0%
Calculation of adjusted return on equity (non-GAAP)		
Adjusted net income (non-GAAP)	$ 43.7	$ 26.1
Average stockholders' equity	$ 928.5	$ 783.5
Adjusted return on equity (non-GAAP)	18.8%	13.3%

(1) For the three months ended December 31, 2020, operating revenues include a $3.7 million unrealized loss on derivative positions used to mitigate our exposure to the British Pound in the acquired Gain subsidiaries in advance of the March 1, 2021 transfer of the majority of the operations of Gain's U.K. domiciled subsidiaries into StoneX Financial Ltd., a U.S. dollar denominated entity. In addition, as the Gain's U.K. subsidiaries had a functional currency of British Pound, the increased U.S. dollar exposure resulted in a $2.7 million foreign currency loss on revaluation for the three months ended December 31, 2020.

Source: StoneX Group Inc.